

1. State the name of the organisation you represent (if applicable).

Deloitte Ireland LLP

2. Who are you:

Tax professional

3. Are you making a submission in relation to the proposals for a:

Both DW & SP (for tax professionals, representative bodies, RCT middle principals)

4. Please tick the sectors that apply to you:

5. After reading about the proposed new eWHT system, how would you describe your overall reaction?

Somewhat negative - I have some concerns about aspects of the proposal

6. What aspects of the proposed model appeal most to you, and why?

The embedding of eWHT directly into business systems through APIs is particularly appealing and represents a genuine step forward in modernising tax administration. This integration should improve accuracy and reduce the risk of errors. It should also facilitate seamless connectivity between payment processing and tax reporting, streamlining compliance for businesses and taxpayers alike. Additionally, the introduction of the Personalised Deduction Rates (PDR) model for Specified Persons "SPs" who are individuals is a positive development. By reflecting actual tax liability based on real-time income, expenses, and personal tax credits, the PDR model would replace the current blanket withholding rates, which can often be inequitable. This personalised approach should significantly enhance cash flow predictability for taxpayers and reduce the complexity and administrative burden associated with year-end reconciliations. The "new lower flat rate" of withholding for SPs, who are corporates and partnerships, is stated in the consultation documents as intended to remove the burden of the current deduction from gross income. We would welcome clarification on how such a flat rate will achieve this intention. Furthermore, we would like these SPs to have the ability to inform a more accurate deduction rate by engaging with Revenue (see our comments in response to other consultation

questions). Importantly, the new proposed regime should result in a simplified withholding tax system and improved compliance outcomes. We therefore expect to see a reduction in Revenue enforcement activity, as greater accuracy, transparency, and real-time integration reduce errors and non-compliance risks. There are limited comparable eWHT regimes internationally, positioning Ireland as a potential first-mover in implementing a modernised eWHT system for RCT and PSWT. Therefore, it is important that the benefits of a move to an eWHT system in this sector should be clearly demonstrable.

7. What concerns or reservations do you have about the proposed approach?

Stakeholder readiness Engagement with software providers is critical and will be a key factor in successful implementation. Adequate lead-in time must be allowed for these stakeholders to update their systems accordingly. We also highlight the need to consider the changes in processes and procedures referenced in our response to Q13, ensuring alignment and coherence across the overall reform. Resourcing The success of the eWHT system hinges on Revenue having sufficient resources to:

Develop robust and reliable API systems; Provide clear, detailed guidance to software providers on integration standards; Establish comprehensive testing environments to validate system functionality; and Offer effective support to taxpayers throughout the transition period. Without adequate resourcing, there is a significant risk of system failures, taxpayer uncertainty regarding compliance obligations, and inconsistent enforcement, all of which could undermine confidence in the initiative. Timelines We also recommend careful consideration of transition timelines to ensure that taxpayers and software providers have sufficient time to integrate eWHT into their existing systems. This is particularly important for smaller software providers who may lack sophisticated IT infrastructure and face disproportionately high implementation costs. We recommend a minimum of 18-24 months from legislation to implementation (see our comments in response to Q34) International competitiveness Based on our research, there are limited comparable RCT and PSWT regimes internationally. The digital components of similar regimes tend to focus primarily on reporting and compliance rather than on withholding mechanics .Foreign suppliers may be reluctant to incur costs associated with compliance under an Ireland-specific system, particularly if similar withholding tax digitalisation is not being implemented concurrently in other jurisdictions. The experience of Sweden's withholding tax system that applies to taxpayers who are not approved for clearance highlights important considerations for any eWHT system. Firstly, eWHT systems can face legal scrutiny (like Sweeden) within the EU, particularly regarding the freedom to provide services. Secondly, the administrative burden must be carefully managed, as complex registration procedures and

documentation requirements can create barriers for service providers. Finally, refund processes are critical; Sweden's lengthy refund timeline has proven problematic, causing significant liquidity issues for contractors. Platform operators

The DAC7 Directive requires digital reporting by platform operators of payments made to sellers and service providers, enhancing transparency and information exchange between tax authorities across EU member states. However, it does not mandate withholding tax obligations on these payments. This distinction is important because while DAC7 aims to improve tax authorities' ability to identify income and enforce compliance through information sharing, it does not directly address the collection of tax at source. As a result, jurisdictions implementing withholding tax systems for platform payments, such as Ireland's proposed eWHT system, are going beyond DAC7's reporting requirements. We suggest that platforms or sectors demonstrating high compliance, such as those fully compliant with DAC7 and CESOP reporting, should be considered for exemption from the eWHT system. In any event, implementation of withholding tax obligations on platform operators should be paused until DAC7 can be fully assessed for its effectiveness in identifying any compliance gaps. Consideration should be given to using existing DAC7 and CESOP reporting data to determine which taxpayers, if any, are non-compliant, rather than imposing broad new burdens on all platform operators. If the policy objective is to modernise tax administration in the platform sector, the focus should be on simplifying compliance, making better use of data, and enhancing taxpayer education. While real time PAYE systems in operation in many countries are considered close to the Tax Administration 3.0 model and a "core change envisaged by this model is moving tax administration processes into taxpayers' natural systems", in our view the more important focus is to reduce the administrative burden for taxpayers and a more simplified tax compliance process. In any event, we would welcome clarity on the scope of the proposed eWHT system for platform operators, particularly whether such a system will be aligned with the definitions and terms as provided by the directive and how non-resident platform operators and non-resident suppliers will be treated.

Scope Regarding the scope of the system, while we note that the proposed eWHT system as detailed on the Revenue website does not indicate a legislative change to accountable persons for the purposes of PSWT, we would still caution against broadening the scope of PSWT and accountable persons beyond this group. Expanding the scope risks introducing unnecessary complexity and administrative burden. Furthermore, should the definition of accountable persons be broadened, it is likely that SPs would need to incur additional debt to manage the resulting cash flow challenges. This increased financial strain could adversely affect the sustainability of businesses or, alternatively, lead to significant price inflation as businesses seek to offset the additional cash flow costs. We therefore seek similar certainty to that currently stated on the consultation website—that the scope of accountable persons will not

be broadened—particularly as the new eWHT system is rolled out. We also note that the supporting consultation documents state that "The withholding tax system will be designed to be scalable to additional suitable service providers in the future." We refer to our comments in response to other questions concerning platform operators and caution against any extension of the system's scope, particularly if undertaken without thorough stakeholder engagement. Simplification Crucially, this initiative must represent a genuine step towards simplification of the tax system rather than increasing complexity. It is vital that the eWHT system is designed to minimise administrative burdens and avoid creating additional layers of complexity for taxpayers. Cash flow Cash flow implications remain a concern, particularly in balancing withholding rates that provide certainty without imposing undue financial strain on taxpayers.

8. The proposed eWHT model seeks to expand withholding tax to payments to service providers where a suitable withholder exists. How do you feel generally about this type of expansion?

We would welcome clarification on what is meant by a "suitable withholder". Notwithstanding that, we would suggest caution against broadening the definition of accountable persons under PSWT beyond state and semi-state bodies, as this would create disproportionate cash flow burdens. We recommend Revenue conduct detailed impact analysis on smaller businesses and ensure clear guidance on which payments fall within scope to avoid over-compliance or under-compliance. We also recommend phased implementation to allow for system refinement based on early experience.

9. In relation to PSWT specifically, this currently applies to payments made by state and semi-state bodies for certain services. Do you have a view on how it is targeted and if the types of payments it applies to should be reviewed?

As noted in our responses to other consultation questions, we advise caution against expanding the definition of accountable persons beyond the existing group. Broadening the scope could introduce unnecessary complexity and increase the administrative burden on taxpayers. Moreover, if the definition of accountable persons is extended, SPs may face increased cash flow pressures, potentially requiring them to take on additional debt. This financial strain could threaten business sustainability or, alternatively, result in significant price increases as businesses attempt to offset the additional cash flow costs.

10. Please indicate if you currently operate:

11. From the perspective of a DW, how does the current application of PSWT and/or RCT impact on your business operations?

As advisors to DWs, the current application of PSWT and RCT requires manual tracking, calculation, and reporting across multiple systems, resulting in significant administrative overhead and increased compliance risk. Maintaining separate records for withholding purposes adds complexity, especially when managing numerous service providers are subject to varying rates and thresholds. Limited integration with accounting systems heightens the risk of errors and necessitates substantial staff time dedicated to compliance verification. Furthermore, the absence of real-time integration with Revenue systems means that withholding accuracy cannot be verified until after payments are made, which can lead to discrepancies and delays in resolving issues. The proposed changes to PSWT and RCT procedures, including real-time remittance to Revenue, represent a significant shift from current practices. Smaller taxpayers are likely to be most affected by these changes, as they may face proportionally higher compliance costs and cash flow implications due to the accelerated remittance timelines.

12. If you are a Platform Operator, does your organisation have any experience of applying taxes to transactions, for services operating on your platform, in other jurisdictions? If yes, please provide information of the jurisdiction and details of the tax.

Not applicable.

13. From the perspective of a DW, what are your views on the application of RCT and/or PSWT, as the case may be?

The current application is administratively burdensome and creates compliance uncertainty. The distinction between RCT and PSWT is not always clear, and guidance on borderline cases is limited. We support the concept of modernisation through eWHT, which s

14. What is your understanding of the withholding tax model of tax collection of RCT and PSWT and why it is applied to payments?

RCT and PSWT serve as targeted tax collection mechanisms aimed at sectors with historically higher compliance risks. By requiring the payer, or DW, to withhold and remit tax at source, the system reduces the likelihood of non-compliance or underreporting by service providers. This withholding approach acts as an additional enforcement layer, complementing Revenue's audit and sanction powers to ensure tax compliance. This model is particularly justified in sectors where service providers have demonstrated lower voluntary compliance rates. However, the current application of blanket withholding rates under PSWT and RCT does not always align with actual tax liabilities, which can create cash flow difficulties for compliant taxpayers. We note that the proposed eWHT system aims to address this issue by tailoring withholding rates to reflect taxpayers' actual circumstances, thereby improving fairness and reducing unnecessary cash flow burdens. Regarding scope, the list of Accountable Persons subject to PSWT is clearly defined in Schedule 13 of the Taxes Consolidation Act 1997(see our comments on the scope of PSWT in response to Q11). In contrast, the scope of RCT is less explicitly defined, with no equivalent statutory list, leading to some uncertainty about which contracts and payments should be subject to withholding. It is therefore critical that the new eRCT withholding tax system provides clear and explicit guidance on who falls within scope and which services are covered to ensure consistent application and compliance. We expect that the imposition of any sanctions due to failure to comply with withholding obligations could result in penalties and interest charges imposed by Revenue, including potential liability for the withheld tax amount if not properly remitted. Clear guidance and compliance support are essential to mitigate these risks.

15. The proposal aims to embed eWHT processes directly into accounting, payroll, or other business management systems. How beneficial do you think this would be for your business?

Embedding eWHT into business systems through API integration would be beneficial from a control and compliance perspective. This approach should improve accuracy by eliminating manual withholding calculations and reducing compliance errors. It should create seamless integration between payment processing and tax reporting subject to our comments below. For taxpayers, this integration should reduce administrative overhead and improve audit trails and documentation, thereby strengthening the compliance position and lowering the risk of errors. Additionally, fewer Revenue interventions, queries, and sanctions would be expected as a result of improved accuracy and transparency. However, it is important to balance these benefits against the potential costs involved, including financial investment, time, and possible temporary productivity losses during system implementation.

16. In your view, what opportunities could embedding eWHT within natural business systems create for your business or the wider industry?

Embedding a sophisticated eWHT system within natural business processes should improve data quality and enable real-time reporting to Revenue, thereby reducing compliance risk. Automation of withholding calculations and reporting is expected to lower compliance costs for businesses. Service providers will benefit from better cash flow visibility through more accurate Personalised Deduction Rate (PDR) calculations. We anticipate that, as Revenue will provide the applicable withholding rate directly, businesses will no longer need to maintain and update vendor master data, significantly reducing administrative burdens. For Revenue, real-time data access should enhance audit efficiency, which should lead to a reduction in the volume of queries and random audits. Crucially, this initiative must represent a genuine step towards simplification of the tax system rather than increasing complexity. It is vital that the eWHT system is designed to minimise administrative burdens and avoid creating additional layers of complexity for taxpayers.

17. What challenges do you think your business might face in adopting this embedded within natural systems approach?

Key challenges we anticipate include: The complexity of integrating the new eWHT system with legacy accounting software, which may require significant investment in new systems or upgrades. Many software providers may not currently be equipped for real-time integration, highlighting the need for a practical lead-in time to allow vendors to address technical requirements. It would be beneficial to establish a software vendor forum to facilitate collaboration and problem-solving. How the proposed eWHT system will link with existing eInvoicing processes, particularly regarding invoicing dates and payment terms (e.g., 30-day payment cycles). Should the proposal proceed then we would suggest withholding at the point of payment to align with cash flow realities. Staff training will be essential to ensure understanding of the new API-based processes and the mechanics of Personalised Deduction Rates (PDR). We also anticipate potential disruption during the transition period as businesses adapt to new systems and procedures. The success of adoption will heavily depend on developing compliant and thoroughly tested solutions. Additionally, internal compliance procedures and client advisory processes will need to be updated to reflect the new withholding model.

Ultimately, the quality of Revenue's guidance, the availability of testing environments, and a reasonable implementation timeline will be critical factors in ensuring a smooth and effective transition for taxpayers.

18. What is the estimated number of payments that you make to SPs each month?

We don't make payments subject to PSWT. We are in receipt of such payments as SP.

19. Do you currently use software for processing payments and or managing the finances of your business? If so, what packages do you use?

Yes, for our own business, we use leading software providers for financial management, for tracking billable time and for client management. We would expect eWHT integration to follow similar standards and user experience as the existing PAYE reporting sy

20. Are you an employer for PAYE? If so, which software package do you use to report payroll taxes to Revenue?

Yes, we are a PAYE employer. We use a leading software provider for payroll processing and PAYE reporting to Revenue. This system has proven reliable for real-time PAYE compliance since 2019, and we would expect eWHT integration to follow similar standards and user experience.

21. Please indicate if you currently receive payments which are subject to deduction of:

Professional Services Withholding Tax (PSWT)

Relevant Contracts Tax (RCT)

22. Where you are currently subject to PSWT and/or RCT, how does the current application of withholding taxes impact on your business operations?

For SPs, the current withholding tax regimes create significant cash flow challenges. The blanket withholding rates, ranging from 20% to 35%, often substantially exceed actual tax liabilities, resulting in timing mismatches between tax withheld and tax ul

23. From the perspective of a SP, what are your views on the application of RCT and/or PSWT, as the case may be?

The current application of withholding tax is often perceived as punitive by many SPs, particularly those with lower tax liabilities due to legitimate business expenses. The use of blanket withholding rates does not reflect actual tax liabilities and can

24. What is your understanding of the withholding tax model of tax collection of RCT and PSWT and why it is applied to payments?

RCT and PSWT serve as targeted tax collection mechanisms aimed at sectors with historically higher compliance risks. By requiring the payer, or DW, to withhold and remit tax at source, the system reduces the likelihood of non-compliance or underreporting by service providers. This withholding approach acts as an additional enforcement layer, complementing Revenue's audit and sanction powers to ensure tax compliance. This model is particularly justified in sectors where service providers have demonstrated lower voluntary compliance rates. However, the current application of blanket withholding rates under PSWT and RCT does not always align with actual tax liabilities, which can create cash flow difficulties for compliant taxpayers. We note that the proposed eWHT system aims to address this issue by tailoring withholding rates to reflect taxpayers' actual circumstances, thereby improving fairness and reducing unnecessary cash flow burdens. Regarding scope, the list of Accountable Persons subject to PSWT is clearly defined in Schedule 13 of the Taxes Consolidation Act 1997(see our comments on the scope of PSWT in response to Q11). In contrast, the scope of RCT is less explicitly defined, with no equivalent statutory list, leading to some uncertainty about which contracts and payments should be subject to withholding. It is therefore critical that the new eRCT withholding tax system provides clear and explicit guidance on who falls within scope and which services are covered to ensure consistent application and compliance. We expect that the imposition of any sanctions due to failure to comply with withholding obligations could result in penalties and interest charges imposed by Revenue, including potential liability for the withheld tax amount if not properly remitted. Clear guidance and compliance support are essential to mitigate these risks.

25. Where you are an SP operating as a corporate/partnership or other entity, do the current rates that apply to PSWT and RCT reflect your actual liability on the income received?

In our experience, the current withholding tax rates often exceed the SP's actual tax liability due to legitimate business expenses and allowable deductions. For example, if we consider an average margin of approximately 15% for a SP which could result

26. The proposal aims to embed taxation directly into how you get paid by the DW. How beneficial do you think this would be for your business?

While the current system creates cash flow challenges through blanket rates and long refund delays, the proposed PDR model should improve this. However, we recommend careful attention to payment timing to avoid creating new cash flow pressures. It would

27. Where you are an SP operating as an individual worker, the proposal aims to implement personalised deduction rates (PDR), which means you will pay tax on your income as you go, similar to how employees are taxed under PAYE. What impact do you think PDR will have on your cashflow and financial management?

From the perspective of our clients and based on our experience advising them, the introduction of Personalised Deduction Rates (PDR) should have a positive impact on cash flow for individual service providers. By applying personalised rates that reflect

28. Do you think this new regime, including the PDR will have a positive effect on your end of year Income Tax return filing and preliminary tax payment obligations?

For our clients, PDR should simplify year-end filing and reduce preliminary tax complexity. If PDR rates are accurate throughout the year based on regular reporting of income and expenses, the year-end reconciliation should be minimal, reducing the need f

29. The accuracy of PDR is improved by the regular reporting by you to Revenue of your income and business expenses. How likely are you to report your income and expenses to improve the accuracy of your PDR?

We believe most service providers should be motivated to report accurately if they understand that doing so improves their PDR and cash flow. However, success requires Revenue to make the reporting process simple, user-friendly, and integrated with business

30. What changes do you expect to have to implement in your business in order to be ready for the proposed eWHT regime?

We anticipate several key changes will be necessary to prepare for the proposed eWHT model. These include but not limited to system integration between accounting, and payment processing software to embed eWHT calculations via API. Internal compliance pro

31. What benefits do you expect the new regime to have on your business processes, costs and delivery of your business services?

We would expect the proposed new model to deliver several benefits for our business processes, costs, and service delivery. These include a reduction in administrative overhead through the automation of withholding calculations and real-time API integrati

32. What would you consider a reasonable timeframe for your business to adapt to the proposed new system?

We consider that we are currently in the planning and preparation stage. Therefore we recommend 18-24 months from when the legislation providing for the eWHT system is passed until implementation. This timeframe should allow: adequate time to develo

33. How confident are you that your business could adapt to the new system within a reasonable timeframe?

We would expect, subject to our comments in this consultation, that taxpayers could adapt within an 18-24-month timeframe from the enactment of eWHT legislation, assuming the following: Revenue provides clear, timely guidance on system requirements,

34. In terms of the management of your business, which outcomes from this new regime are the most important for you? (Select a maximum of 3)

Reduced administrative workload

Helpdesk or dedicated Revenue contact

Clear guidance for software providers and a testing environment

35. What supports from Revenue would be of most benefit to you in transitioning to the new regime? (Select a maximum of 3)

Training or awareness sessions

Helpdesk or dedicated Revenue contact

Clear guidance for software providers and a testing environment

Clear guidance for software providers and a testing environment

36. Is there anything else you'd like to share about how the proposed eWHT system could best meet the needs of your business or sector?

We emphasise that successful implementation depends critically on adequate resourcing by Revenue, a practical transition period and early stakeholder engagement. Specifically, we recommend the following: Adequate Resourcing: Revenue must have sufficient resources to develop robust and reliable API systems, provide clear guidance to software providers, establish comprehensive testing environments, and assist taxpayers throughout the transition. Under-resourcing risks undermining the initiative's credibility and creating compliance confusion. Phased Implementation: A phased approach, possibly starting with larger businesses and gradually expanding to smaller businesses, would reduce implementation risk and allow for system refinement based on early experience. Software Provider Support: Revenue should establish a dedicated team to collaborate closely with software providers, offering detailed technical specifications, testing environments, and ensuring integrated solutions are available well in advance of implementation. Clear Guidance: Detailed guidance on scope, withholding rates, deductibility of expenses, PDR calculation methodology, flat rate withholding and compliance obligations should be published well ahead of implementation to enable taxpayers and software providers to prepare adequately. Stakeholder Engagement: Continued engagement with professional services firms, software providers, and taxpayers during implementation will be essential to identify and resolve issues promptly. Transition Support: Clear transitional guidance on how current PSWT and RCT obligations will map to the new eWHT system, accompanied

by a reasonable transition period to allow for system integration. Reduced compliance burden: This initiative must represent a genuine step towards simplification of the tax system rather than increasing complexity. It is vital that the eWHT system is designed to minimise administrative burdens and avoid creating additional layers of complexity for taxpayers.